

Implicit, LLC v. Fortinet, Inc.

Fortinet's Motion to Transfer (Dkt. No. 26)

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS, MARSHALL

Case No. 2:19-cv-39-JRG-RSP

Honorable Magistrate Judge Roy Payne

September 12, 2019

The Parties' Dispute

Factor	Disputed/Agreed
<u>Private Factor #1</u> : Sources of Proof	Disputed
<u>Private Factor #2</u> : Compulsory Process	Disputed
<u>Private Factor #3</u> : Willing Witnesses	Disputed
<u>Private Factor #4</u> : All Other Practical Problems	Disputed
<u>Public Factor #1</u> : Court Congestion	Disputed
<u>Public Factor #2</u> : Local Interest	Disputed
<u>Public Factor #3</u> : Familiarity of the Forum	Agreed - Neutral
<u>Public Factor #4</u> : Conflicts of Law	Agreed - Neutral

“While a plaintiff’s choice of venue is not an express factor in this analysis, the appropriate deference afforded to the plaintiff’s choice is reflected in a defendant’s ***elevated burden of proof***. In order to support its claim for a transfer under § 1404(a), ***the defendant must demonstrate that the transferee venue is clearly more convenient than the venue chosen by the plaintiff.***” (*4) (emphasis added) (internal quotations and citations omitted).

Palm is a wireless provider of a wide suite of enterprise-focused generation products with a diverse range of security features." (Oct. 16, 2014 at 4). Palm is headquartered in Santa Clara, California, and has its principal place of

Private Factor #1: The Relative Ease of Access to Sources of Proof

“[I]t is not the *accessibility* of the documents but their actual *physical location* That is the focus of this inquiry.” (*7) (emphasis in original).

Writings
A-10 Document 135-1 Filed 09/13/19

Imprompt, LLC v. Palo Alto Networks, Inc.

United States District Court for the Eastern District of Texas, Tyler Division
February 20, 2019. Docketed February 20, 2019. Filed
CIVIL ACTION NO. 5:19-cv-00040-JRG

Report
2019 L.S. CIV. LITIGATION, 2019 WL 98411
IMPROMPT, LLC, Plaintiff, v. PALO ALTO
NETWORKS, INC., Defendant

Case Terms

Witnesses, conferences, tactics, documents,
access, parties, parties, sources, interviews,
agrees, sources of proof, third-party local
interview, patent-infringement, trademark,
copyright, process, private-related factors,
place of business, public economy, courts,
inside, local, case

Comment: This case involves a patent dispute
between Imprompt, LLC, Plaintiff, and Palo
Alto Networks, Inc., Defendant. The case
arose from a dispute over the use of
Imprompt's patent in Palo Alto Networks' products.
The case was filed in the Eastern District of Texas,
Tyler Division, on February 20, 2019.

Judges: RODNEY OLSTHAP, UNITED
STATES DISTRICT JUDGE

Opinion by: RODNEY OLSTHAP

Opinion

ORDER DENYING DEFENDANT'S

ALTO NETWORKS, INC.'S MOTION TO TRANSFER VENUE

Before the Court is Defendant Palo Alto
Networks, Inc.'s ("Palo Alto") Motion to Transfer
Venue to the Southern District of California
(Dkt. No. 25) pursuant to 28 U.S.C. § 1406(a).
Having considered the Motion and all relevant
authorities, the Court is of the opinion that, for
the reasons below, the Motion should be
DENIED.

I. Background

Imprompt, LLC ("Imprompt") is a limited liability
company that was originally formed under the
laws of the state of Washington (Dkt. No. 25).
On March 5, 2017, Imprompt registered
with the Texas Secretary of State and thereby
converted its principal place of business to Austin,
Texas. Imprompt has four patents issued from
the United States Patent and Trademark Office
(USPTO), including U.S. Patent Nos. 9,325,710, 9,325,711, 9,325,712, and 9,325,713. Imprompt also has one
pending application for a patent, U.S. Patent
Application No. 2018/0123456.

Palo Alto's worldwide provider of a wide range of
enterprise-level network security solutions with a
diverse range of security solutions (Dkt. No.
25) at 4 Palo Alto Networks, Inc., 3501
California Street, Santa Clara, California 95051, and its principal place of

What Fortinet Points to as Supportive Evidence



“A large volume of the documents in Fortinet’s control or possession relating to the design, development, commercialization, and marketing of the accused FortiGate products, including underlying source code, is stored on servers and computers physically located in or near Sunnyvale, California. In addition, hard copies of relevant documents are also found in Fortinet’s Sunnyvale, California headquarters. Additional documents and source code are located in other areas including Burnaby (just outside Vancouver, British Columbia, Canada).” ¶ 12 (emphasis added).

What Fortinet Also Admits



Edward Bulmanian	Inventor of the patents-in-suit	acquisition of the patents-in-suit; Plaintiff's licensing efforts and activity concerning the patents-in-suit; Plaintiff's efforts to ensure adequate marking.
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The following individuals are third parties to this litigation and can be contacted via the means detailed below (to the extent known):

Name	Connection to the case	Summary of witness's knowledge
David S. Wolf	Inventor of U.S. Patent No. 7,730,211	Conception, reduction to practice, design, and development relating to the '211 Patent; prosecution of the '211 Patent; commercialization, public demonstrations, and public disclosure of embodiments of the '211 Patent.
Dean M. Nguyen Dorelle Karpov Diana Densley Liam Rice Jon Kim Trems-Pendley	Prosecuting attorneys for '683, '779 Patent, '790 Patent, '104 Patent, and/or '740 Patents	Prosecution and commercial embodiments of the '683, '779, '790, '104, and '740 Patents; commercialization, public demonstrations, and public disclosure of embodiments of the '683, '779, '790, '104, and '740 Patents, prior art relating to the '683, '779, '790, '104, and '740 Patents.
Meredith Horn, Kevin Kowar de Oliveira DC, W.D. Frost-SM, Austin, TX 78767-2123-053-0200	Prosecuting attorneys for the '779 Patent	Prosecution and commercial embodiments of the '779 Patent; commercialization, public

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"Implicit also identifies that the **patent prosecutor** for four of the patents-in-suit **resides in Austin, Texas where the prosecution records still reside.**" *Implicit v. Trend Micro*, Civil Action No. 6:16-cv-00080-JRG, 2016 U.S. Dist. LEXIS 191571, at *6-7 (E.D. Tex. Sep. 1, 2016) (emphasis added).

"[F]or documents relating to the patents-in-suit and the technology at issue are **prima facie relevant**" *Implicit, LLC v. Palo Alto Networks, Inc.*, No. 6:17-CV-00336-JRG, 2018 U.S. Dist. LEXIS 88076, at *9 (E.D. Tex. Feb. 20, 2018) (emphasis added).

Fortinet Failed to Provide Probative Evidence Favoring Transfer



“Parties must *specifically identify* the relevant sources of proof (and why they are relevant), and *specifically identify* the physical location of those sources of proof. Without doing so, no court is able to make an informed inquiry into the true convenience of the parties.”
(*16) (emphasis in original).

Implicit's Evidence

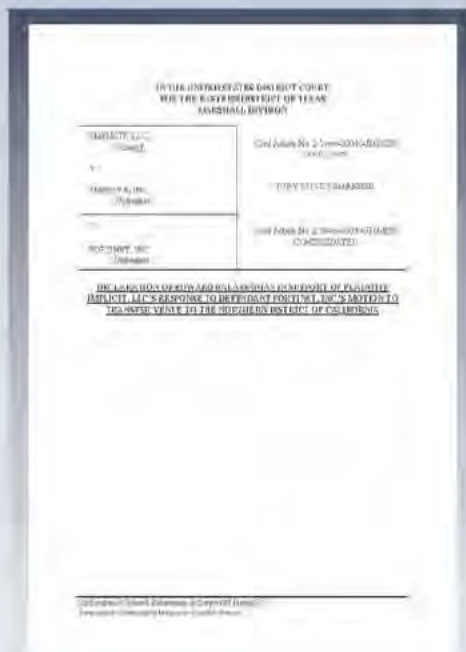
Case 2:19-cv-00048-RSP Document 70-3 Filed 07/03/19 Page 1 of 4 PageID #: 1195	
IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS MARSHALL DIVISION	
INSTUTE, LLC - Plaintiff - v. FORETRAX, INC. - Defendant - & FORETRAX, INC. - Defendant -	(Joint Affidavit & Declaration of Plaintiff Instute, LLC) (Affirmation of Plaintiff Instute, LLC)
	(Joint Affidavit & Declaration of Defendant Foretrax, Inc.)
<u>DECLARATION OF PLAINTIFF AND AFFIRMATION OF PLAINTIFF</u> <u>PLAINTIFF INSTUTE, LLC OF SOUTHERN DISTRICT OF TEXAS, FORETRAX, INC.,</u> <u>AUTHORITY TO SUE VESTED TO THE SOUTHERN DISTRICT OF TEXAS, D.C.</u>	

Declarations of Plaintiff: [Affirmation of Plaintiff](#)

Declarations of Defendant: [Affirmation of Defendant](#)

“In **NetScout**, Implicit produced **over 154,000 pages of documents and 95,000 native files**. Many of the native files consisted of multiple pages of information. My current expectation, given my understanding of the scope of this case at this time, is that Implicit will produce roughly the same quantity of documents as was recently produced in **NetScout**.” ¶ 3 (emphasis added).

Implicit's Evidence



"As far as I am aware, the majority of the hard copies of, and storage media containing, Implicit's **technical, marketing, and financial documents, source code, communications, and corporate records** are located in Implicit's office in **Tyler, Texas**. Copies of this material may also be located at its trial counsel's offices in **Austin, Dallas, or Longview, Texas**. To the best of my knowledge, substantially all of the documents produced in [Netscout] were collected from **Tyler, Austin, and Dallas, Texas.**" ¶ 8 (emphasis added).

"Implicit's **current and former patent prosecution attorneys** are in Austin, Texas; Houston, Texas, and Seattle, Washington. To the best of my knowledge, relevant documents related to prosecution of the Asserted Patents are located either at Implicit's office in **Tyler**, or the offices of Implicit's trial counsel in **Austin, Dallas, or Longview.**" ¶ 7 (emphasis added)

Fortinet's Allegations of "Manipulation" Are Baseless

Undisputed Facts:

- October 16, 2013: Implicit, LLC is **formed** in the state of Washington
- March 3, 2017: **Registers** with the Texas Secretary of State and formally moves its principal place of business to Austin
- February 4, 2019: **Files** patent infringement complaint against Fortinet
- "PAN does not point to an alternative location to which it believes these documents should be more properly attributed. Accordingly, Implicit's Texas location is a factor that must be considered in the venue transfer analysis." *Palo Alto Networks*, 2018 U.S. Dist. LEXIS 88076, at *9.

Fortinet's Distinguishing Fact:

- Evidence that Implicit has a mailing address in Washington

Analogous Allegations in this Court

"THE COURT: So beyond the facts of the dates that [the documents] were shipped, you don't have any evidence or admissions or state of mind evidence to indicate a purpose or a reason behind the shipment and whether or not that had any intended impact on the venue issue?

MR. VERHOEVEN: ***All I have is the circumstantial evidence*** which I cited to Your Honor."

Seven Networks, 2018 U.S. Dist. LEXIS 146375, at *21 n.9 (emphasis added).

Private Factor #2: The Availability of Compulsory Process to Secure the Attendance of Witnesses

Case 2:19-cv-00040-JRG-RSP Document 135-1 Filed 09/13/19 Page 11 of 18 PageID #: 2016

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

IMPROVISE, LLC
Plaintiff,
vs.
FORTINET, INC.
Defendant.

Case No. 2:19-cv-00040-RSP

**DECLARATION OF WILLIAM COOPER IN SUPPORT OF
IMPROVISE, LLC'S MOTION TO TRANSFER**

1. My name is William Cooper. I am employed by Fortinet, Inc. ("Fortinet") as Director of Logistics, Intellectual Property, and Privacy. I have been an employee of Fortinet since October 16, 2017. Prior to joining Fortinet, I represented the company as outside counsel.

2. My duties include to issue legal representation of Fortinet across a broad range of legal disciplines, with an emphasis on intellectual property and litigation matters.

3. I reside in Walnut Creek, California and I work at Fortinet's headquarters in Sunnyvale, California.

4. The facts set forth in this declaration are based on my personal knowledge, are representative of the business records of Fortinet, or are otherwise true and correct. I have not been paid for this declaration, and I have not received any compensation for this declaration. I understand that this declaration is being submitted to the Court for the purpose of supporting the Plaintiff's motion to transfer venue. I understand that this declaration is being submitted to the Court for the purpose of supporting the Plaintiff's motion to transfer venue.

Fortinet's Evidence

"Intel's Santa Clara, California office is less than five miles away from Fortinet's headquarters."

¶ 10.

Legal Standard

Seven Networks, 2018 U.S. Dist. LEXIS 146375:

- "This factor instructs the Court to consider the availability of compulsory process to secure the attendance of **witnesses**, particularly non-party witnesses whose attendance may need to be secured by a court order." (*23) (emphasis added).
- "As this Court has previously noted, venue analysis is concerned *only* with the presentation of evidence *at and during trial*." (*12 n.4) (emphasis in original).

Specific Third-Parties Fortinet Has Identified



Name	Connection to the case	Summary of witness's knowledge
Various licensees to the patents-in-suit	Addresses Identified in agreements	Knowledgeable regarding terms of licenses to the patents-in-suit and any alleged implied royalty rates or implied royalty bases
Resolution Strategies LLP	512 NW Saltzman Rd, #909 Portland, OR 97229 (503) 226-2800	Knowledgeable regarding resolution of disputes outside of litigation and listing "Implicit/Belabs"
J. Patrick O'Malley	512 NW Saltzman Rd, #909 Portland, OR 97229 (503) 226-2800	Knowledgeable regarding resolution of disputes outside of litigation and listing "Implicit/Belabs"
David Berton, Nick Dudziak and/or other representatives of Global IP Law Group	55 West Monroe Street Suite 3400 Chicago, IL 60603 312-241-1500	Knowledgeable regarding valuation of the patents-in-suit, offers to sell and/or license the patents-in-suit
Mark Dellinger and/or representative of Comcast	Newtown, Pennsylvania	Knowledgeable regarding offers to sell and/or license the patents-in-suit

Compiled from pp. 17-19.

Private Factor #3: The Cost of Attendance for Willing Witnesses

Fortinet's Evidence

(1) “Majority of Fortinet’s United States employees devoted to engineering, finance, operations, manufacturing, and marketing work in California” ¶ 6.

(2) "Outside of the United States, the principal location for employees devoted to engineering and research and development is Vancouver, Canada." ¶ 6.

(3) “While Fortinet has a single sales office in Plano, Texas, I am not aware of any . . .” ¶ 13.

Legal Standard

Travelpass Grp., LLC v. Caesars Entm't Corp., No. 3:18-CV-000153-RWS, 2019 U.S. Dist. LEXIS 147214 (E.D. Tex. Aug. 29, 2019):

- “As exemplified in several recent opinions from within the Eastern District of Texas, ***specifically identifying witnesses to testify is required*** for the Court to perform a proper convenience analysis.” (*23) (emphasis added).

Private Factor #4: All Other Practical Problems that Make Trial of a Case Easy, Expeditious, and Inexpensive



"Specifically, Implicit filed lawsuits in NDCA in July 2010 and July 2014 [i.e., *F5 I* and *F5 II*]." (*12)

“[T]ransferring the instant case alone (or with the member NEC case) would result in two district courts making independent decisions regarding the same set of patents. Such runs counter to the principles of judicial economy and comity.” (*12).

Here:

- *Implicit, LLC v. TrendMicro*, No. 6:16-cv-80-JRG
- *Implicit, LLC v. Huawei Techs. USA, Inc.*, No. 6:17-CV-182-JRG
- *Implicit, LLC v. NetScout Systems, Inc.*, No. 2:18-cv-00053-JRG
(Currently pending)
- *Implicit, LLC v. Imperva, Inc.*, No. 2:19-cv-00040-JRG-RSP **(Currently pending)**

Public Factor #1: The Administrative Difficulties Flowing from Court Congestion

“The court congestion factor generally favors a district court that can bring a case to trial faster.” (*9).

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Public Factor #2: The Local Interest in Having Localized Interests Decided at Home



"While Fortinet has a single sales office in Plano, Texas, I am not aware of any" ¶ 13.

Conclusion

Factor	Result
<u>Private Factor #1</u> : Sources of Proof	Weights against transfer
<u>Private Factor #2</u> : Compulsory Process	Neutral
<u>Private Factor #3</u> : Willing Witnesses	Neutral
<u>Private Factor #4</u> : All Other Practical Problems	Weights against transfer
<u>Public Factor #1</u> : Court Congestion	Weights against transfer
<u>Public Factor #2</u> : Local Interest	Neutral
<u>Public Factor #3</u> : Familiarity of the Forum	Neutral
<u>Public Factor #4</u> : Conflicts of Law	Neutral

